

United Nations
**GENERAL
ASSEMBLY**

Forty-fifth session

Official Records



CORRIGENDUM
Supplement No. 5
(A/45/5)
24 September 1990

NEW YORK

UNITED NATIONS

FINANCIAL REPORT AND AUDITED FINANCIAL STATEMENTS FOR THE BIENNIUM
ENDED 31 DECEMBER 1989 AND REPORT OF THE BOARD OF AUDITORS

Volume I

Corrigendum

1. Page 35

Paragraph 53 should read

Expenditures incurred without appropriations having been recorded

53. Our review of the budget performance report at the responsibility centre level of four budget sections disclosed expenditures incurred without appropriations having been recorded in the appropriate accounts when the audit was carried out. Even if some of the expenditures were accordingly adjusted, it did not change the fact that there is inadequate co-ordination among the certifying officers, the Budget Division and the Accounts Division in ensuring that expenditures remain within appropriations made by the General Assembly. Since the expenditures were incurred during the early part of the biennium (1988), corrections could have been made earlier had there been appropriate review of the budget performance reports and co-ordination with Accounts Division.

2. Page 37

Paragraph 69 should read

69. We share the Administration's view that the level of voluntary contributions cannot be projected with great accuracy. However, the very wide deviations from projections are indications of the low degree of adherence to the instructions for the preparation of the programme budget for the biennium 1988-1989. Actual utilization of funds, per the allotment summary status report as at 31 December 1989, disclosed sections that showed considerable deviations from the projections in the budget.

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90-23826 1844g (E)

A/45/5 (Vol.I)/Corr.1

For the existing paragraph 193 substitute the following:

Liquidity position

193. As requested by the General Assembly in its resolution 44/183, the Board looked into the liquidity position of the Organization, which shows the following:

	Fund balance as at 31 December 1989 (Millions of United States dollars)		Ratio of total assets to total liabilities	
	1989	1987	1989	1987
General Fund	261.6	202.1	1.85	1.85
Capital asset fund	256.9	229.6	1.00	1.00
Project of multi-year nature	34.7	53.6	1.36	4.69
Working capital fund	100.0	100.0	-	-
Special account	44.8	48.7	-	-
Special account for the sale of United Nations bonds	44.0	40.6	-	12.82
UNEF	6.9	6.1	1.16	1.14
UNDOF	72.2	74.5	2.82	2.98
UNIFIL	91.1	57.9	1.28	1.17
UNIIMOG	53.6	-	3.27	-
ONUC	35.7	35.3	1.73	1.72
UNAVEM	1.0	-	1.54	-
UNTAG	133.1	-	2.14	-
ONUCA	33.2	-	5.46	-
UNFICYP	7.7	8.6	1.87	2.78
Technical co-operation activities	27.0	24.0	1.05	1.05
General trust funds	200.5	118.0	2.10	2.04
Special account for programme support costs	29.5	19.0	3.33	2.74
Funds held-in-trust	42.3	30.6		
Total	<u>1 475.8</u>	<u>1 048.6</u>	26.24	11.70

194. The table that follows shows that the total of fund balances of \$1,475.8 million is the difference between the total of all assets of \$3,192.9 million minus the total of all liabilities of \$1,717.1 million of the various funds of the Organization. Note should be taken, however, that each fund is maintained as a distinct financial and accounting entity and that individual fund assets are used to liquidate its respective fund liabilities or obligations. Therefore, the total of fund balances of \$1,475.8 million should not be taken as an indication that the Secretary-General has the discretion to utilize the assets of one fund to liquidate the obligations of another. Each fund should be seen individually in order to have a true picture of its liquidity and financial position.

195. Also seen is that cash has an aggregate of \$791.7 million for all funds. Assessed contributions unpaid show a total of \$1,211.6 million and accounts receivable a total of \$124.5 million. The remaining asset accounts total \$1,065.1 million. The liquidity position of all funds is affected by the extent to which current assets are realized.

196. In the explanatory notes on assessed contributions receivable to the financial statements, it can be seen that, as a result of the positions taken by some Member States, a substantial amount of assessed contributions has been withheld for many years and their collection appears very doubtful. In addition, there is a large amount of assessed contributions in arrears. The opinion of the Board of Auditors on the financial position of the Organization is subject to the ultimate resolution of those contributions.

STATEMENT OF FUND BALANCES AS AT 31 DECEMBER 1989

(In millions of \$US)

ASSETS

<u>Fund</u>	<u>Cash</u>	<u>Assessed contributions unpaid</u>	<u>Accounts receivable</u>	<u>Other assets</u>	<u>Total</u>
General Fund	(1.4)	461.1	41.8	65.5	567.0
Capital asset fund				261.3	261.3
Projects of a multi-year nature	18.8		6.1	12.6	37.5
Working capital fund		0.3		99.7	100.0
Special account	48.6		0.1	74.8	123.5
Special account for the sale of United Nations bonds				44.0	44.0
UNEF (1956)		43.0		6.2	49.2
UNDOF	40.4	33.8	36.0	1.6	111.8
UNIFIL	70.9	317.7	19.6	1.4	409.6
UNIIMOG	53.9	22.4		0.9	77.2
ONUC		75.4		8.6	84.0
UNAVEM	1.0	1.5	0.1	0.2	2.8
UNTAG	167.0	79.1		3.7	249.8
ONUCA	0.2	40.4	0.1	0.1	40.8
UNFICYP	8.8	7.0	0.6	0.2	16.6
Technical co-operation activities	110.3	5.1	10.6	425.5	551.5
General trust funds	201.9	124.8	5.0	48.5	380.2
Special account for programme support costs	31.4		4.0	6.8	42.2
Funds held-in-trust	39.9		0.5	3.5	43.9
Total	791.7	1 211.6	124.5	1 065.1	3 192.9

LIABILITIES

	<u>Accounts payable</u>	<u>Unliquidated obligations</u>	<u>Other liabilities</u>	<u>Total</u>
General Fund	29.0	64.0	212.4	305.4
Capital assets fund			4.4	4.4
Projects of a multi-year nature	0.3	0.1	2.3	2.7
Special account			78.6	78.6
UNEF	20.5		21.8	42.3
UNDOF	23.6	15.9	0.1	39.6
UNIFIL	257.5	56.8	4.2	318.5
UNIIMOG	6.6	15.8	1.1	23.5
ONUC	8.5	0.1	39.8	48.4
UNAVEM	0.9		0.9	1.8
UNTAG	15.5	95.3	5.9	116.7
ONUCA		6.7	0.7	7.4
UNFICYP	6.0	2.9		8.9
Technical co-operation activities	75.8	90.1	358.6	524.5
General trust funds	1.5	16.0	162.5	180.0
Special account for programme support costs	1.0	2.3	9.4	12.7
Funds held-in-trust	1.6		0.1	1.7
Totals	<u>448.3</u>	<u>366.0</u>	<u>902.8</u>	<u>1 717.1</u>
Total of fund balances (assets minus liabilities)				<u>1 475.8</u>

4. Pages 58-62, paragraphs 194-212

Renumber those paragraphs 197-215.

United Nations
**GENERAL
ASSEMBLY**

Forty-fifth session
Official Records



CORRIGENDUM

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(A/45/5)
12 October 1990

NEW YORK

UNITED NATIONS

FINANCIAL REPORT AND AUDITED FINANCIAL STATEMENTS FOR THE BIENNIUM
ENDED 31 DECEMBER 1989 AND REPORT OF THE BOARD OF AUDITORS

Volume I

Page 63

In accordance with paragraph 4 of A/45/5 (Vol.I)/Corr.1, in line 2 of the second paragraph of the audit opinion, the reference should be to paragraphs 208 and 209.

UNITED NATIONS

FINANCIAL REPORT

and

AUDITED FINANCIAL STATEMENTS

for the biennium ended 31 December 1989

and

REPORT OF THE BOARD OF AUDITORS

Volume II

(International Trade Centre)

GENERAL ASSEMBLY

OFFICIAL RECORDS: FORTY-FIFTH SESSION

SUPPLEMENT No. 5 (A/45/5)



UNITED NATIONS

UNITED NATIONS

FINANCIAL REPORT

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for the biennium ended 31 December 1989

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REPORT OF THE BOARD OF AUDITORS

Volume II

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GENERAL ASSEMBLY

OFFICIAL RECORDS: FORTY-FIFTH SESSION

SUPPLEMENT No. 5 (A/45/5)



UNITED NATIONS

New York, 1990

NOTE

Symbols of United Nations documents are composed of capital letters combined with figures. Mention of such a symbol indicates a reference to a United Nations document.

The financial report and audited financial statements for the biennium ended 31 December 1989 and the report of the Board of Auditors regarding the United Nations and the United Nations University are being issued as volume I and volume III, respectively.

[Original: English]

[24 August 1990]

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LETTERS OF TRANSMITTAL

17 April 1990

Dear Mr. Chairman,

In accordance with financial regulation 11.4, I have the honour to submit the accounts of the International Trade Centre for the biennium 1988-1989 ended 31 December 1989, which I hereby approve. The financial statements have been prepared and certified as correct by the Controller.

Copies of these financial statements are also being transmitted to the Advisory Committee on Administrative and Budgetary Questions.

Yours sincerely,

(Signed) Javier PEREZ DE CUELLAR

Mr. Eufemio C. Domingo
Chairman
United Nations Board of Auditors
New York

25 June 1990

Sir,

I have the honour to transmit to you the financial statements of the International Trade Centre for the biennium 1988-1989 ended 31 December 1989, which were submitted by the Secretary-General. These statements have been examined and include the audit opinion of the Board of Auditors.

In addition, I have the honour to present the report of the Board of Auditors with respect to the above accounts.

Accept, Sir, the assurances of my highest consideration.

(Signed) O. T. PREMPEH
Auditor-General of Ghana
and Chairman
United Nations Board of Auditors

The President of the General Assembly
of the United Nations
New York, N.Y.

I. FINANCIAL REPORT FOR THE BIENNIUM 1988-1989 ENDED
31 DECEMBER 1989

1. The Secretary-General has the honour to submit herewith the financial report and accounts of the International Trade Centre United Nations Conference on Trade and Development/General Agreement on Tariffs and Trade (UNCTAD/GATT) for the biennium 1988-1989 ended 31 December 1989, comprising seven statements and seven schedules.

General Fund

Statement I. Status of appropriations for the biennium 1988-1989
as at 31 December 1989

2. The appropriations for the biennium were originally approved at \$24,994,600, a sum which was subsequently increased to \$27,709,300 and then reduced to \$26,077,000. Expenditures incurred totalled \$25,786,540, including unliquidated obligations of \$484,121, resulting in an unobligated balance of appropriations of \$290,460.

Statement II. Statement of income and expenditure and surplus
account for the biennium ended 31 December 1989

3. Income

(a) Under the terms of General Assembly resolution 2297 (XXII) of 12 December 1967 and the decision of the Contracting Parties to the General Agreement on Tariffs and Trade (GATT) dated 22 November 1967, the regular budget of the International Trade Centre should be shared equally between the United Nations and GATT;

(b) The final performance report of the Centre (ITC/BUD/7) provided for estimated expenditures of \$26,077,000, including estimated income of \$706,400, thus requiring a contribution of \$12,685,300 from each of the parent bodies. Part of this contribution was financed by a transfer of \$464,200 from the surplus account.

Other income

Other income was estimated at \$706,400 and the actual income amounted to \$751,340 (schedule 2.1). This comprised \$86,057, rental of parking space; \$389,222, rental of office space; \$48,533, sale of publications; \$159,110, investment income; \$6,741, refunds of prior years' expenditures and \$18,937, gains on exchange fluctuations. Miscellaneous income totalled \$42,640.

4. Non-expendable equipment

Furniture, equipment and vehicles are charged to the budget at the time of purchase; the value at cost of the items held as at 31 December 1989 was \$1,534,023. This compared with a total value of \$1,096,350 as at 31 December 1987. This value excludes non-expendable equipment purchased from project funds.

Statement III. Statement of assets and liabilities as at
31 December 1989

5. The assets, liabilities and fund balance of the General Fund include:

(a) Assets

- (i) Cash - \$1,189,734, including \$1,142,973 held in interest-earning deposits;
- (ii) Accounts receivable - \$135,245, comprising advances to staff members, \$109,852, all of which are in course of recovery, accrued interest of \$10,189 and miscellaneous items amounting to \$15,204;
- (iii) Deferred charges - \$84,165, including \$74,157 education grant advances to staff members deemed to be that part of the total advances pertaining to the portion of the school year completed as at 31 December 1989 (see annex, para. (g) (ii)); \$10,008 in respect of insurance premium for 1990, payable in advance. These amounts will be charged to the subsequent financial period.

(b) Liabilities

- (i) Accounts payable - \$3,573;
- (ii) Unliquidated obligations - \$484,121;
- (iii) Due to International Trade Centre trust funds - \$585,914.

(c) Fund balance

The fund balance as at 31 December 1989 was \$335,536, compared with the 31 December 1987 fund balance of \$330,261 brought forward from the biennium 1986-1987. An analysis of the changes in the fund balance is shown in statement II.

Programme support costs

Statement IV. Statement of income and expenditure for the
biennium 1988-1989 ended 31 December 1989
and statement of assets and liabilities as
at 31 December 1989

6. During the biennium, the income from contributions to support costs was \$7,319,022. Other income amounted to \$449,057 and comprised \$196,762 investment income; \$5,438 savings on liquidation of prior years' obligations; \$195,000 in respect of supplementary support cost contributed by the United Nations Development Programme (UNDP) in accordance with UNDP Governing Council decisions Nos. 88-52 and 88-53 of 1 July 1988; and \$51,857 miscellaneous income. Expenditures totalled \$7,042,964, resulting in an excess of income over expenditure of \$725,115. The fund balance as at 31 December 1989 reflected a surplus of \$611,706.

Technical co-operation activities

Statement V. Combined statement of income and expenditure for the biennium 1988-1989 ended 31 December 1989 and combined statement of assets and liabilities as at 31 December 1989

7. The assets, liabilities and fund balance of the trust funds and UNDP include the following:

A. Trust funds

(a) Assets

- (i) Cash held totalled \$19,531,703, of which \$155,153 represented cash in banks, \$19,372,532 interest-bearing deposits, and \$4,018 held by imprest holders;
- (ii) Miscellaneous accounts receivable amounted to \$506,045, comprising \$185,483 in advances to staff members, \$226,452 in accrued interest and \$94,110 in other items;
- (iii) Due from International Trade Centre General Fund - \$585,914;
- (iv) Due from International Trade Centre programme support costs - \$62,759;
- (v) Interfund balances receivable - \$342,248;
- (vi) Due from UNDP for excess of expenditure over funds provided - \$272,455;
- (vii) Unspent allocations - \$177,544;
- (viii) Deferred charges and other assets totalled \$3,376,847 and included \$3,320,976 in respect of unliquidated obligations for future periods, and \$31,775 education grant advances to staff members deemed to be that part of the school year completed as at 31 December 1989, \$24,096 miscellaneous.

(b) Liabilities

- (i) Accounts payable totalled \$558,918, including \$43,042 for payment requests issued to field offices and \$667 in respect of contributions payable to the United Nations Joint Staff Pension Fund; \$515,209 other accounts payable;
- (ii) Unliquidated obligations as at 31 December 1989 amounted to \$2,348,116;
- (iii) Due to the United Nations General Fund - \$1,266,867;
- (iv) Due to the Training Packs Revolving Fund - \$32,250;

(v) Due to the ICC/EDP Revolving Fund - \$168,081;

(vi) Deferred income - \$12,451,672, which includes the above (a) (vii), unspent allocation of \$177,544.

(c) Operating reserve

This reserve is maintained to meet contingencies arising from the termination of employment of experts, etc. and is derived, inter alia, from the difference between the standard costs applied to projects and the actual costs incurred. As reflected in the summary of significant accounting policies (annex), it is the Centre's policy to maintain this reserve at a predetermined level (\$700,000 for the biennium 1988-1989), and, with the general agreement of the donors, the first charge upon interest accruing from the investment of funds is to maintain this reserve at that level.

(d) Fund balance

The fund balance as at 1 January 1988 was \$6,817,499 which, together with the contributions during the biennium of \$26,542,477, allocations of \$542,742, interest on investments of \$2,728,293 and miscellaneous income of \$648, resulted in funds available totalling \$36,631,659. Project expenditures, including unliquidated obligations of \$2,348,116, amounted to \$32,623,024, of which \$3,698,730 related to support cost contributions. After taking into account the above, the fund balance as at 31 December 1989 was \$4,008,635.

B. United Nations Development Programme

(a) Assets

(i) Cash held totalled \$390,126, of which \$44,670 represented cash at banks, \$320,470 interest-earning deposits and \$24,986 held by imprest holders;

(ii) Accounts receivable totalled \$683,056 and included \$389,148 in respect of amounts due from other agencies, advances to staff members of \$169,485 and miscellaneous items, \$124,423;

(iii) Due from UNDP for excess of expenditure incurred over funds provided - \$2,936,804;

(iv) Unspent allocations - \$29,076,926;

(v) Deferred charges and other assets amounted to \$3,810,011 and comprised \$3,572,252 in respect of unliquidated obligations for future periods, \$20,060 in education grant advances to staff members deemed to be that part of the total advance pertaining to the school year completed as at 31 December 1989 and \$217,699 in respect of other items. These amounts will be charged to the subsequent financial period.

(b) Liabilities

- (i) Accounts payable totalled \$329,179 and included \$243,336 due to other agencies, \$32,707 in respect of unliquidated obligations billed to other agencies, \$44,380 for payment requests issued to field offices, \$826 in contributions payable to the United Nations Joint Staff Pension Fund and \$7,930 in respect of other items;
- (ii) Unliquidated obligations - \$3,576,318;
- (iii) Interfund balances payable - \$342,248;
- (iv) Deferred income - \$29,076,926.

8. Details of trust fund income and expenditure for the individual years of the biennium are provided in schedules 5.2 and 5.3, respectively. UNDP expenditures during 1989, analysed by source of fund and by country, are shown in schedules 5.4 and 5.5, respectively.

II. REPORT OF THE BOARD OF AUDITORS

Introduction

1. As required by the General Assembly resolution 74 (I) of 7 December 1946, the Board of Auditors has audited the accounts of the International Trade Centre (ITC) for the biennium ended 31 December 1989.
2. The examination was conducted in accordance with article XII of the Financial Regulations and Rules of the United Nations and the annex thereto and with the common auditing standards adopted by the Panel of External Auditors of the United Nations, the specialized agencies and the International Atomic Energy Agency. The examination was carried out at ITC headquarters at Geneva. The implementation of projects in Egypt and in Malawi was reviewed in the field.
3. During the biennium under review, the Board of Auditors continued its normal practice of reporting the results of specific audits to the Administration. This practice has helped to maintain a continuous dialogue with the Administration.
4. The following sections deal with matters that, in the opinion of the Board, should be brought to the attention of the General Assembly. These matters were discussed with the Administration whose responses are incorporated where appropriate.
5. The report is divided into two parts, covering the audit of financial statements and management issues, respectively.

Summary of recommendations

6. We recommend that the following corrective actions, presented in order of priority, be taken:

(a) The review of all cases where ITC may deviate from United Nations regulations, rules and directives should be completed as at the end of the biennium 1990-1991 (paras. 26-27);

(b) Unpaid contributions for trust fund projects for future financial periods should be recorded in the financial statements in a manner consistent with the accounting of unspent UNDP allocations (paras. 34-37);

(c) Any deviation from the operating reserve level required by United Nations instructions should be authorized by the United Nations Secretariat. At any rate, taking into account the general increase of prices and the considerable increase of the Centre's activities, an appropriate adjustment of the reserve should be considered (paras. 38-40);

(d) The significant increase in unliquidated obligations related to technical co-operation activities calls for a thorough analysis of the operational aspects of project implementation to ensure a smoother delivery of project output over the whole financial period and to avoid a further increase of unliquidated obligations at the end of the financial period (paras. 45-51);

(e) Project planning should become more realistic by taking into account foreseeable delays when workplans and budget plans are prepared (paras. 63-69).

Summary of findings

7. The Centre's accounting policies with regard to technical co-operation activities (statement V) are not consistent; whereas UNDP allocations for future periods are recorded as income, unpaid contributions from Governments for future periods are not recorded (paras. 34-37).

8. The ITC policy of maintaining the operating reserve for technical co-operation trust funds at a predetermined level of \$700,000 is not in line with United Nations instructions (paras. 38-40).

9. Our examination of unliquidated obligations revealed no inaccuracies. The percentage of unliquidated obligations in the General Fund decreased. However, unliquidated obligations related to technical co-operation activities increased significantly. This may be partly attributed to changes in the pattern of expenditures (paras. 43-51).

10. Concerning rental of parking places, expenditures and income have been netted in deviation from Generally Accepted Accounting Principles (paras. 52-54).

11. Since 1984 the expenditures for overtime have doubled, seemingly due, in part, to negligence in complying with administrative instructions (paras. 59-62).

12. The implementation of technical co-operation projects was marked by delays. Furthermore, the evaluation of the projects would be less subjective if project objectives were expressed in quantitative terms whenever practicable (paras. 63-69).

Part I: Financial statements

International Trade Centre funds

General Fund

13. Excess of income over expenditure as at 31 December 1989 remained at about the same level as at the end of the previous financial period.

Programme support costs

14. A deficit in income over expenditure in the biennium 1986-1987 was compensated in the biennium 1988-1989 by income exceeding expenditure, with the result that the fund balance as at 31 December 1989 showed a surplus of \$611,706.

Technical co-operation trust funds

15. Expenditure for technical co-operation trust funds financed by Governments exceeded income for the biennium 1988-1989 by \$2,808,864, which was covered by the unspent balance of the funds from the previous biennium.

UNDP funds - for which ITC is an executing agency

16. A deficit in income over expenditure for the biennium of \$1,091,488, and a negative fund balance of \$1,845,316 from the prior biennium, resulted in a total negative fund balance as at 31 December 1989 of \$2,936,804, which will be settled by UNDP when obligations are met. Unliquidated obligations as at 31 December 1989 totalled to \$3,576,318.

Cash position

17. The Centre's cash as at 31 December 1989 amounted to about \$22.2 million. (In 1987, it amounted to \$9.5 million and in 1985, to \$7.9 million.) This increase was mainly caused by contributions paid in advance and obligations not yet disbursed.

Liquidity position

18. Fund balances, plus income received in advance of the General Fund, programme support costs and ITC technical co-operation trust funds at year-end are summarized below (excluding UNDP funds - for which ITC is an executing agency, in order to avoid a distorted picture, since any fund balance will be automatically settled by UNDP (see para. 16 above)):

(United States dollars)

	1985	1987	1989
General Fund balance	680 485	330 261	335 536
Income received in advance	7 931	6 726	-
Programme support costs balance	(1 600)	(113 409)	611 706
ITC technical co-operation trust funds balance	5 343 960	6 817 499	4 008 635
Income received in advance	-	-	12 451 672
Total	<u>6 030 776</u>	<u>7 041 077</u>	<u>17 407 549</u>

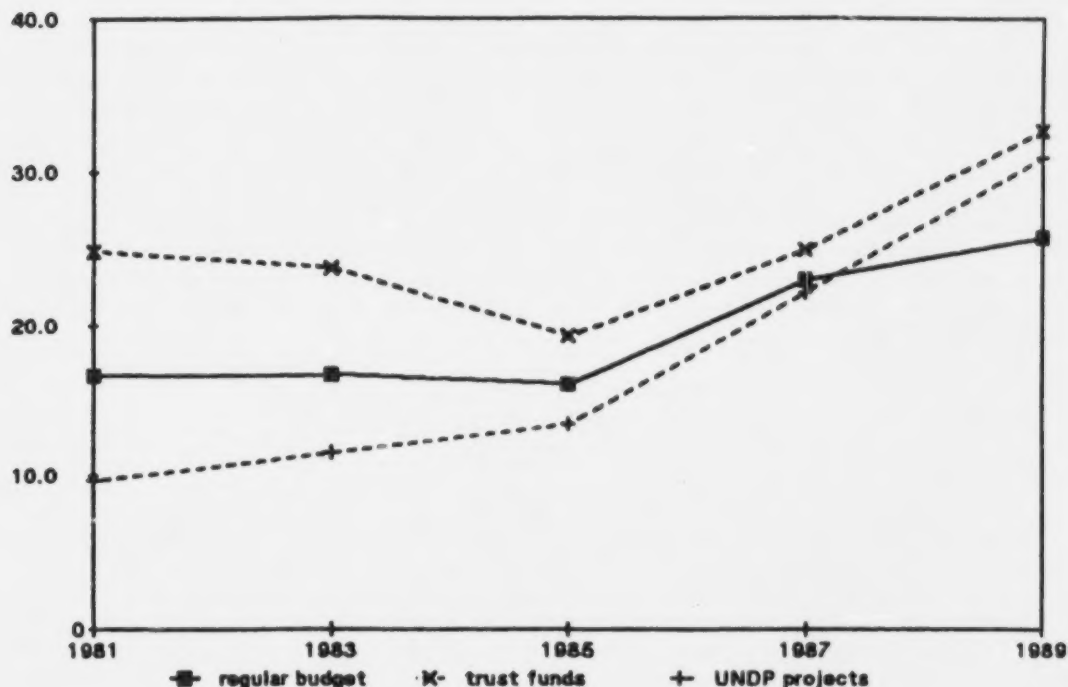
19. The amount of about \$12 million for income received in advance results from a change in accounting policies upon recommendation of the Board of Auditors. In previous financial periods, deferred income accruing to technical co-operation trust funds had not been accounted for. However, the technical co-operation trust fund balance of \$4 million and the above-mentioned deferred income of \$12 million represent, for the most part, the result of shortfalls in project delivery. ITC should therefore endeavor to programme and monitor these funds more effectively and management concurred with this recommendation.

Extrabudgetary resources

20. As suggested by the Secretary-General, we devoted increased attention to the acceptance and utilization of extrabudgetary resources.

21. Since 1981 the regular budget of ITC and its extrabudgetary expenditures on technical co-operation activities developed as follows:

(Millions of United States dollars)



22. After remaining several years at about the same level, overall expenditure has steadily increased since 1985. While the respective portion for the regular budget of ITC, UNDP or trust-fund financed projects generally remained at about one third of the total budget, the order of these components has changed during the last biennium. Both trust fund and UNDP projects now exceed the ITC regular budget.

23. Out of 252 ITC technical co-operation projects, in December 1989, 136 operational projects were financed from trust funds and 116 financed by UNDP. Among these 252 projects ITC comprised: 127 country projects; 75 interregional projects; 50 regional projects. As for the size, the operational projects consisted of: 57 projects below \$50,000; 55 projects between \$50,001 and \$100,000; 85 projects between \$100,001 and \$200,000; and 55 projects of more than \$200,000.

24. With regard to the role of extrabudgetary financing in the overall financial structure of ITC, the above-mentioned development can be considered as an intensive fulfilment of the Centre's mandate "as the United Nations system's focal point for technical co-operation activities in trade promotion".

25. In our view, the financial risk of the increasing dependency of ITC on funds derived from sources other than assessed contributions is limited by the spread over some 25 different donors and a binding set of conditions for implementation of trust funds. In this context, it should be noted that ITC has already received some \$12 million from donors to cover future activities and UNDP has agreed to allocate some \$29 million. However, the Centre should ensure that the steadily increasing technical co-operation activities will not overburden the limited administrative resources. The management of ITC agreed and will seek to ensure that an appropriate administrative capacity be made available.

Applicability of the United Nations regulations, rules and directives

26. In its report on the biennium 1986-1987, the Board of Auditors had raised matters of major importance concerning the accounting procedures, which deserve special attention. In this context, the Board of Auditors recommended that the United Nations regulations, rules and directives should be reviewed together with the United Nations Secretariat, with a view to determining when ITC may deviate from such rules and that a record of these cases be kept.

27. The Centre has started consultations with the United Nations Secretariat, and although the review of all topics has not yet been completed, the Centre has already introduced changes in procedures in accordance with certain of the recommendations of the Board of Auditors. These changes are described in the following paragraphs.

Technical co-operation (statement V)

Conclusion of agreements with donors

28. The Board of Auditors mentioned in its previous report ^{1/} that ITC agreements with donors do not always comply with United Nations administrative instructions. ITC now systematically includes for all new donors the "Conditions for the implementation of trust funds by ITC" in the project documents signed by both parties. These "conditions" comply with the relevant provisions of the United Nations governing the administration of trust funds established with donor Governments. In addition, ITC has negotiated formal agreements with certain traditional donors. For those traditional donors which still consider entering into formal agreements with ITC, the Centre also systematically attaches the above-mentioned "conditions" when acknowledging the receipt of contributions.

Accounting for contribution income

29. As one exception of the application of United Nations rules, the Board had mentioned that ITC accounting for trust fund contributions had not always been in compliance with the United Nations administrative instructions and accepted accounting practice, which provide that contributions from Governments or other donors should be recorded only on the basis of written pledges, indicating the

^{1/} Official Records of the General Assembly, Forty-third Session, Supplement No. 5 (A/45/5), vol. II, sect. II.

amount, the currency, the date of payment and the financial period to which such payment relates.

30. Following the Board of Auditors comments, ITC has issued instructions to the effect that no income will be recorded unless supported by a letter or a cable from the donor confirming its approval of the proposed projects.

Allotment procedure

31. In its previous report, the Board of Auditors had also indicated that expenditures in excess of cash received for specific projects had been authorized. Given that the summary of significant accounting policies stated that "specific trust funds are set up for each project ...", this practice was not in line with the relevant administrative instructions of the Secretary-General, which require the application of the "full funding" principle, that is, allotment must never exceed cash on hand.

32. In order to clarify that it applies the "full funding" principle at the donor level, ITC will now revise the above-mentioned sentence in the summary of significant accounting policies as follows: "Separate accounts are set up for each project as approved by the donor and the recipient country". This wording will better reflect the accounting at both projects and grant levels, as regularly reported to donors. In addition, instructions have been issued to ensure that no expenditure will be authorized in excess of cash on hand received from a given donor.

Deferred income

33. Following the Board of Auditors recommendation, deferred income is now reflected in statement V and the supporting schedule 5.1. The summary of significant accounting policies has been modified accordingly.

Unpaid contributions for trust fund projects for future periods

34. UNDP allocations for ITC deliveries in the multi-year cycle of UNDP are recorded as income at the beginning of each cycle. That portion of allocations which exceeds the expenditure of the current biennium is reflected as an asset ("unspent allocations") and as deferred income. The recording of the allocations as deferred income is in keeping with the principles of accounting on an accrual basis.

35. However, ITC accounting policy with regard to contributions from Governments and other donors for technical co-operation projects does not comply with the procedures mentioned above. Although the contributions of approved donors extend from one biennium to the following, or even the biennium afterwards, the portion of the pledges related to future periods is not recorded as an asset and as deferred income.

36. To ensure a consistent accounting policy, accounting for unpaid contributions to trust fund projects for future periods should follow the same lines as for unspent UNDP allocations. Moreover, considering that balances should give a true and fair view of the financial situation, the disclosure of unpaid contributions would indicate to which extent future technical co-operation activities of ITC have already been fixed at the end of the biennium.

37. ITC accepted our recommendation and will revise its accounting procedures accordingly with effect from the biennium 1990-1991.

Operating reserve for technical co-operation trust funds

38. ITC maintains an operating reserve for technical co-operation trust funds of \$700,000 (statement V), the level of which has remained unchanged since 1982. United Nations administrative instructions require that the operating reserve for technical co-operation trusts funds be maintained at a level of 15 per cent of the annual estimated expenditure, which in the case of ITC, would currently be equivalent to about \$2.25 million.

39. ITC is of the opinion that the current reserve is adequate as long as the standard cost system operated for the costs of project personnel is continued. Should the standard cost system, which is currently under consideration by management, be abandoned, the level of the reserve would be increased following consultations with donors.

40. While recognizing that the operating reserve required by United Nations instructions may be meant to cover risks that are not likely to occur in ITC, the Board of Auditors is still of the opinion that any deviation from United Nations regulations should be authorized by the United Nations Secretariat. In addition, as the level of the operating reserve has remained unchanged since 1982, after eight years, the general increase of prices and the considerable increase in the activities of ITC call for an appropriate adjustment, even if the standard cost system will be maintained. The management agreed to consult with the trust fund donors on the subject.

Operating reserve for programme support costs

41. The Centre's operating reserve for programme support costs (statement IV) amounted to \$700,000. United Nations administrative instructions request an operating reserve at the level of 20 per cent of estimated annual programme support income. During the biennium 1988-1989, the reserve of ITC was some \$20,000 below the requested level.

42. ITC confirmed that the reserve for biennium 1990-1991 and the subsequent years will be adjusted in line with the estimated increase in programme support income, provided that funds are available.

Unliquidated obligations

43. According to financial regulation 4.3, budgetary appropriations remain available beyond the end of the financial period to the extent that they are required to discharge obligations for goods supplied or services rendered in that financial period. In its report on the United Nations accounts for the biennium 1986-1987, ¹/ the Board of Auditors commented on a sometimes inconsistent and lenient application of that regulation on unliquidated obligations.

Regular fund

44. Unliquidated obligations in the regular budget of ITC amounted to \$484,121. Their percentage with regard to total expenditures decreased from 2.4 per cent (in 1985) to 1.9 per cent. Our examination revealed no inaccuracies.

Technical co-operation activities

45. Concerning technical co-operation activities executed by ITC, unliquidated obligations show a remarkable increase since 1985:

	As at 31 December 1985	As at 31 December 1987	As at 31 December 1989
Trust funds	\$1 345 107	\$1 316 012	\$2 348 116
Percentage of total expenditure	8.0	6.0	8.0
UNDP-financed	\$1 200 820	1 760 625	3 576 318
Percentage of total expenditure	10.0	9.0	13.0

46. As far as the level of unliquidated obligations is concerned, the administration stated that it had "recorded these items in line with established rules and procedures and a review of these obligations and of the components at year-end has been carried out for validity and legitimacy".

47. A random check of the Centre's validation process revealed no inaccuracies. The administration reviews these unliquidated obligations in the same manner as for the regular budget.

48. As to the remarkable increase indicated above, management was not in a position to explain the reasons. Our review of the development of unliquidated obligations disclosed some structural changes. In particular UNDP-financed projects showed a considerable decrease in the portion of personnel costs and an increase in expenditures for training and equipment, (from 10.1 per cent to 14 per cent for training and from 11.4 per cent to 16.5 per cent for equipment). This change in the pattern of expenditure may have contributed to the increase of unliquidated obligations, because expenditures for training and equipment usually comprise a higher percentage of unliquidated obligations than personnel costs.

49. In addition, we noticed a significant increase in the portion of unliquidated obligations being recorded for training and equipment (per cent of total expenditures):

	As at <u>31 December 1987</u>	As at <u>31 December 1988</u>	As at <u>31 December 1989</u>
Training	21.1	25.6	24.4
Equipment	34.4	43.2	59.0

50. Both the shift of expenditures and the raise of the percentage within the identified object groups of expenditure may have caused the overall increase in unliquidated obligations.

51. Bearing in mind General Assembly resolution 44/183 of 19 December 1989, the present level and the increased rate of goods supplied or services rendered but not paid for in the financial period should induce management to analyse thoroughly the operational aspects of project implementation. Management will analyse the situation within the framework of the ongoing restructuring exercise.

Accounting

Income from rental of parking places

52. Income shown in statement II contains an amount of \$86,057 from rental of parking space (schedule 2.1). This figure reflects only the rental of underground parking places. Income from the rental of outside parking places amounting to about \$29,700, is not reflected. ITC has rented those parking places at a monthly cost of SwF 90 each. Both GATT and the United Nations agreed on cost-sharing between ITC and its staff. Staff members who have been allocated a parking place each pay SwF 40 per month. Only the net cost of the outside parking places are actually debited to the regular budget.

53. With regard to generally accepted accounting principles, we consider that expenditures and income should not be netted.

54. ITC agreed with our view and initiated action to modify its procedures to ensure that the accounting for both internal and external parking places would be the same.

Non-expendable equipment

55. With regard to paragraph 4 of the financial report of ITC, showing the value of non-expendable equipment, there seems to be uncertainty about the interpretation of non-expendable equipment. The recorded figure does not include project equipment although, according to the "Conditions for implementation of trust funds by ITC" ownership of equipment financed from trust funds rests in ITC.

56. In the view of the Board of Auditors, a note to the effect that the figure does not include the value of equipment purchased from project funds would make the financial report more informative. ITC followed this recommendation.

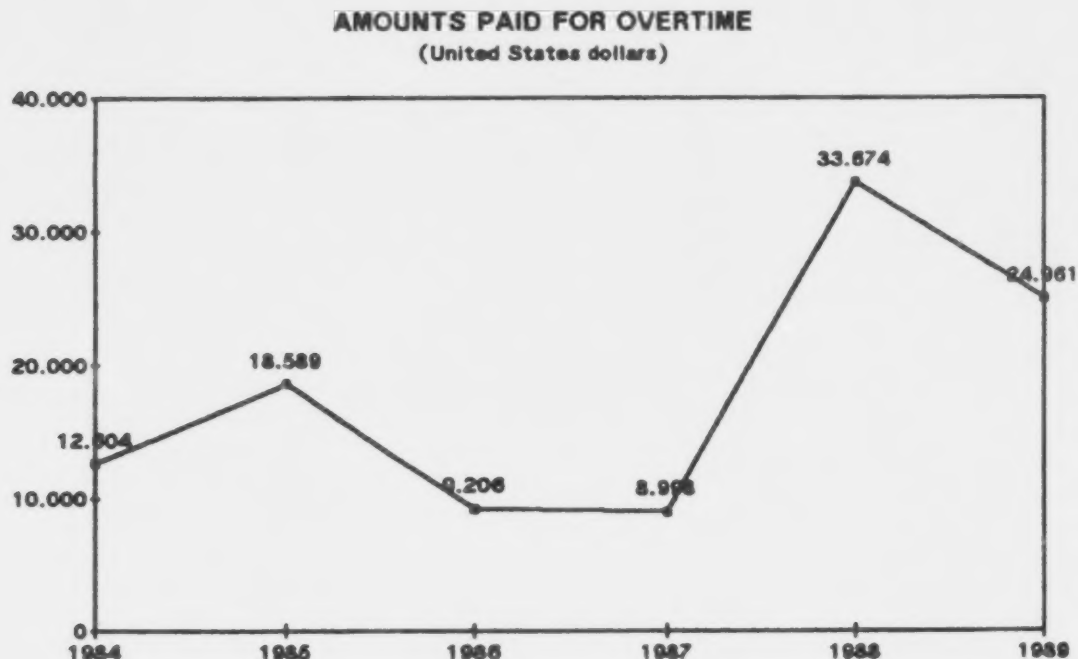
57. Furthermore, on the one hand, the recorded figure includes the value of items that the United Nations Finance Manual does not define as non-expendable property. On the other hand, however, the inventory of ITC does not include leased or rented equipment, which according to the Finance Manual, should be considered as property. Consequently, the value of such items is not recorded in the financial report.

58. The Board of Auditors recommends that the United Nations Secretariat should clarify the interpretation of property and should specify the items to be included in the reported value.

Part II: Management issues

Overtime

59. Since 1984, expenditures for overtime have developed as follows:



60. The 274 per cent increase from 1987 to 1988 gives rise to concern. Although there was a decrease from 1988 to 1989, special efforts should be made to limit payment for overtime.

61. One reason for the overall increase in overtime payment might be negligence in complying with administrative instructions as follows:

- (a) Sometimes, more hours than authorized were paid as special overtime;
- (b) Staff members did not always record precisely all the hours they effectively worked on each day during the week, as required;
- (c) Sometimes, authorization was lacking or was not given in advance;
- (d) There were many cases of recurring overtime, a situation that should have been brought to the attention of the Director of Administration, as required by the Staff Rules;
- (e) Very often, although the need for overtime had been foreseeable at the beginning of the week when the request was signed, the staff members concerned worked precisely eight hours on normal working days and worked overtime only on Saturday afternoon and Sunday, when special overtime is paid.

62. ITC replied that it had to approve extensive overtime in order to cope with the increased work-load and that it will no doubt have to continue if the situation remains unchanged. They admitted that the hours of overtime have not always been authorized appropriately, that, in certain cases, they have not fully been in conformity with appendix B and that overtime has not always been properly recorded. In one case, recovery action was taken. ITC initiated action to limit overtime and to review established procedures, including those for control.

Project management

63. A visit to a field location to review two projects revealed the following weaknesses and difficulties in project planning and implementation.

64. Project partners appeared to disagree on their tasks for successful implementation of technical assistance projects.

65. It was observed that delayed government approvals and delays in the clearance of experts and national counterparts hampered a steady implementation of the projects. In one case, a joint evaluation mission appraised the project and came to the conclusion that the objectives of the project had been unrealistic. Project management disagreed and required more substantive support to technical co-operation from the Government counterpart institution in order to achieve better results.

66. Considerable delays in project implementation make project budgets obsolete and financial monitoring difficult. Acknowledging that the reasons for delays are often not attributable to project management, the Board of Auditors points out the recurrence of these problems in technical co-operation activities. It seems that foreseeable delays are not always adequately taken into account when project activities, workplans and budget plans are prepared.

67. Management referred to the facts and circumstances in the country concerned and pointed out that one cannot generalize in making observations. Furthermore, they stated that ITC constantly endeavors to adhere to realistic planning of activities and realistic estimation of potential delays in project implementation.

68. There are also disagreements concerning project achievements. Therefore, the Board of Auditors recommended that, whenever practicable, the project objectives should be expressed in quantitative terms rather than in terms of general policy goals.

69. Management agreed on the need for quantifying project objectives. However, it pointed out that some of the objectives in trade related to technical co-operation projects cannot always be quantified, owing to many intangible factors.

Implementation of financial rule 114.1

70. We did not find any indication that the administrative instructions issued in the implementation of financial rule 114.1 were inadequate or ineffective.

Write-off of losses of cash and property

71. There were cases of store losses, totalling about \$30,000, caused mainly by discarding equipment. Those cases have not yet been submitted for write-off approval, because administrative procedures were not finalized.

Cases of fraud and presumptive fraud

72. We were informed by the Administration that there were no cases of fraud or presumptive fraud.

Comments on matters dealt with in the report on the
biennium 1986-1987

73. Those matters raised in the Board of Auditors report on the biennium 1986-1987 which are not mentioned above have been dealt with to our satisfaction.

Acknowledgement

74. The Board of Auditors wishes to express its appreciation for the co-operation and assistance extended by the Executive Director of the International Trade Centre, his senior officers and members of their staff.

(Signed) O.T. PREMPEH
Auditor-General of Ghana

(Signed) Eufemio C. DOMINGO
Chairman, Commission on Audit
of the Philippines

(Signed) Heinz Günter ZAVELBERG
President of the Federal Court of Audit
of the Federal Republic of Germany

III. AUDIT OPINION

We have examined the following appended financial statements, numbered I to VII, properly identified, and relevant schedules of the International Trade Centre for the financial period ended 31 December 1989. Our examination included a general review of the accounting procedures and such tests of the accounting records and other supporting evidence as we considered necessary in the circumstances.

As a result of our examination, we are of the opinion that the financial statements present fairly the financial position as at the end of the period and the results of its operations for the period then ended.

The financial statements were prepared in accordance with the stated accounting principles, which were applied on a basis consistent with that of the preceding financial period.

Transactions were in accordance with the Financial Regulations and legislative authority.

(Signed) O.T. PREMPEH
Auditor-General of Ghana

(Signed) Eufemio C. DOMINGO
Chairman, Commission on Audit
of the Philippines

(Signed) Heinz Günter ZAVELBERG
President of the Federal Court of Audit
of the Federal Republic of Germany

IV. CERTIFICATION OF THE FINANCIAL STATEMENTS

17 April 1990

I certify that the appended financial statements of the International Trade Centre, numbered I to VII, are correct.

(Signed) Luis Maria GOMEZ
Controller

V. FINANCIAL STATEMENTS FOR THE BIENNIUM 1988-1989 ENDED
31 DECEMBER 1989

STATEMENT I

INTERNATIONAL TRADE CENTRE UNCTAD/GATT - GENERAL FUND

Status of appropriations for the biennium 1988-1989 as at 31 December 1989

(United States dollars)

	Appropriations 1988-1989	Disbursements	Unliquidated obligations	Total expenditure	Unobligated balance of appropriations
Section 16 - Trade promotion					
Programme 1 - Policy-making organ	221 900	221 881	-	221 881	19
Programme 2 - Executive direction and management	1 025 200	1 001 219	576	1 001 795	23 405
Programme 3 - Trade promotion and export development	14 034 900	13 767 968	102 564	13 870 532	164 368
Programme 4 - Administration and common services	10 795 000	10 311 351	380 981	10 692 332	102 668
Total	26 077 000	25 302 419	484 121	25 786 540	290 460

SCHEDULE 1.1

INTERNATIONAL TRADE CENTRE UNCTAD/GATT - GENERAL FUND

Major objects of expenditure by programme for the biennium 1988-1989 ended 31 December 1989

(United States dollars)

	Salaries and common staff costs	Travel	Contractual services	General operating expenses	Supplies and materials	Furniture and equipment	Total
Section 16 - Trade promotion							
Programme 1 - Policy-making organ	208 384	-	-	13 497	-	-	221 881
Programme 2 - Executive direction and management	960 215	41 580	-	-	-	-	1 001 795
Programme 3 - Trade promotion and export development	13 353 119	214 693	142 440	-	160 280	-	13 870 532
Programme 4 - Administration and common services	6 145 989	26 130	680 609	3 264 059	357 508	218 037	10 692 332
Total	20 667 707	282 403	823 049	3 277 556	517 788	218 037	25 786 540

STATEMENT II

INTERNATIONAL TRADE CENTRE UNCTAD/GATT - GENERAL FUND

Statement of income and expenditure and surplus account for the
biennium 1988-1989 ended 31 December 1989

(United States dollars)

	Approved estimates for the biennium 1988-1989	Actual income as at 31 December 1989	Actual income as at 31 December 1987
<u>I. Statement of income and expenditure</u>			
<u>Income</u>			
Contributions from GATT	12 685 300	12 685 300	11 373 300
Contributions from United Nations	12 685 300	12 685 300	11 373 300
Contributions credited to income	25 370 600 <u>a/</u>	25 370 600	22 746 600
<u>Add:</u> Other income (schedule 2.1)	706 400	751 340	569 323
Total appropriations	26 077 000	26 121 940	23 315 923
<u>Less:</u> Total expenditure (schedule 1.1)	25 786 540	25 786 540	
Unobligated balance of appropriations (statement I)	290 460		
<u>Add:</u> Excess of actual income over estimated	44 940		
<u>Excess of income over expenditure</u>		335 400	
<u>II. Surplus account</u>			
		<u>1989</u>	<u>1987</u>
Surplus available for credit to United Nations/GATT as at 1 January 1988		330 261	680 485
<u>Add:</u> Savings effected in liquidating prior year obligations		134 075	45 943
Excess of income over expenditure		335 400	330 233
Total		799 736	1 056 661
<u>Less:</u> Amount applied as credits against contributions due from United Nations/GATT for 1988-1989		464 200	726 400
Surplus available as at 31 December 1989 (statement III)		335 536	330 261

a/ Includes an amount of \$464,200 financed from the surplus account.

SCHEDULE 2.1

INTERNATIONAL TRADE CENTRE UNCTAD/GATT - GENERAL FUND

Schedule of income for the biennium 1988-1989 ended 31 December 1989

(United States dollars)

	Approved estimates for the biennium 1988-1989	Actual income as at 31 December 1989
<u>Income</u>		
Contributions from GATT	12 685 300	12 685 300
Contributions from United Nations	12 685 300	12 685 300
Subtotal	<u>25 370 600</u>	<u>25 370 600</u> a/
<u>Other income</u>		
Rental of office space	392 500	389 222
Rental of parking space	85 000	86 057
Sale of publications	40 000	48 533
Interest on investments	140 000	159 110
Miscellaneous	48 900	42 640
Gain on exchange	-	18 937
Refunds of prior years' expenditure	-	6 741
Subtotal	<u>706 400</u>	<u>751 340</u>
Total (statement I)	<u>26 077 000</u>	<u>26 121 940</u>

a/ Includes an amount of \$464,200 financed from surplus account.

STATEMENT III

INTERNATIONAL TRADE CENTRE UNCTAD/GATT - GENERAL FUND

Statement of assets and liabilities as at 31 December 1989

(United States dollars)

	1989	1987
<u>Assets</u>		
Cash	1 189 734	532 252 ^{a/}
Accounts receivable	135 245	133 120
Deferred charges and other assets	84 164	299 975
Total assets	<u>1 409 144</u>	<u>965 347</u>
<u>Liabilities</u>		
Accounts payable	3 573	17 020
Unliquidated obligations (statement I)	484 121	503 589
Due to International Trade Centre trust funds (statement V)	585 914	107 751
Deferred income	-	6 726
Total liabilities	<u>1 073 608</u>	<u>635 086</u>
<u>Fund balance</u>		
Total fund balance (statement II)	<u>335 536</u>	<u>330 261</u>
Total liabilities and fund balance	<u>1 409 144</u>	<u>965 347</u>

^{a/} Includes interest-earning deposits \$1,142,973 and \$470,823 for current and previous bienniums respectively.

STATEMENT IV

INTERNATIONAL TRADE CENTRE UNCTAD/GATT - SPECIAL ACCOUNTS
FOR PROGRAMME SUPPORT COSTSI. Statement of income and expenditure for the biennium
1988-1989 ended 31 December 1989

(United States dollars)

	1989	1987
<u>Income</u>		
UNDP (statement V)	3 541 004	2 543 341
Trust Funds (statement V)	3 698 730	2 827 374
Supplementary support costs UNDP	195 000 a/	-
Associated agencies	79 288	108 677
Interest	196 762	99 321
Savings on liquidation of prior years' obligations	5 438	16 224
Miscellaneous	51 857	393 993
Total income	7 768 079	5 988 930
<u>Expenditure</u>		
Staff and other personnel costs	5 914 815	5 263 461
Travel	5 195	3 354
Contractual services	149 145	10 464
Operating expenses	19 944	24 049
Acquisitions	33 281	30 624
Fellowships, grants, other	920 584	768 787
Total expenditure	7 042 964	6 100 739
<u>Excess of income over expenditure</u>	725 115	(111 809)

STATEMENT IV (concluded)

II. Statement of assets and liabilities as at 31 December 1989

(United States dollars)

	1989	1987
<u>Assets</u>		
Cash	1 145 406 ^{b/}	803 385
Accounts receivable	270 348	150 821
Total assets	<u>1 415 754</u>	<u>954 206</u>
<u>Liabilities</u>		
Unliquidated obligations	41 289	17 349
Operating reserve	700 000	700 000
Due to ITC trust funds (statement V)	62 759	350 266
Total liabilities	<u>804 048</u>	<u>1 067 615</u>
<u>Fund balance</u>		
Balance available 1 January 1988	(113 409)	(1 600)
<u>Add:</u> Excess of income over expenditure	<u>725 115</u>	<u>(111 809)</u>
Balance available 31 December 1989	<u>611 706</u>	<u>(113 409)</u>
Total liabilities and fund balance	<u>1 415 754</u>	<u>954 206</u>

a/ UNDP Governing Council decisions 88-52 and 88-53 of 1 July 1988.

b/ Held in interest-bearing bank deposits.

STATEMENT V

TECHNICAL CO-OPERATION ACTIVITIES EXECUTED BY THE INTERNATIONAL TRADE CENTRE UNCTAD/GATT

I. Combined statement of income and expenditure for the biennium 1988-1989
ended 31 December 1989

(United States dollars)

	Technical co-operation trust funds	UNDP a/	1989	Total 1987
<u>Income</u>				
Allocations	542 742	30 890 553	31 433 295	22 490 358
Contributions	26 542 477	-	26 542 477	25 936 162
Interest	2 728 293	-	2 728 293	647 950
Miscellaneous income	648	-	648	24 384
Total income	29 814 160	30 890 553	60 704 713	49 098 854
<u>Expenditure</u>				
Staff and other personnel costs				
Travel	19 267 712	15 443 759	34 711 471	26 278 714
Contractual services	1 857 590	1 305 043	3 162 633	2 472 654
Operating expenses	1 393 282	1 227 627	2 620 909	2 152 598
Acquisitions	1 791 650	1 415 351	3 207 001	2 715 733
Fellowships, grants, other	1 505 074	4 291 433	5 796 507	3 789 059
	3 108 986	3 666 336	6 775 322	4 323 326
Total project costs	28 924 294	27 349 549	56 273 843	41 732 084
Programme support costs (statement IV)	3 698 730	3 541 004	7 239 734	5 370 715
Total expenditure	32 623 024	30 890 553	63 513 577	47 102 799
Excess of income over expenditure	(2 808 864)	-	(2 808 864)	1 996 055
Add: Adjustments for prior period	-	-	-	(522 516)
Net excess of income over expenditure	(2 808 864)	-	(2 808 864)	1 473 539

STATEMENT V (continued)

II. Combined statement of assets and liabilities as at 31 December 1989

(United States dollars)

	Technical co-operation trust funds	UNDP a/	1989	Total 1987
Assets				
Cash	19 531 703	390 126	19 921 829 b/	8 158 972
Contributions receivable	-	-	-	744 027
Contributions receivable (prior years)	-	-	-	134 013
Accounts receivable	506 045	683 056	1 189 101	797 186
Due from ITC special accounts for programme support costs (statement IV)	62 759	-	62 759	350 266
Due from ITC General Fund (statement III)	585 914	-	585 914	107 751
Interfund balances receivable	342 248	-	342 248	54 701
Due from UNDP for excess of expenditure incurred over funds provided	272 455	2 936 804 c/	3 209 259	1 026 605
Unspent allocations	177 544	29 076 926	29 254 470	15 626 032
Deferred charges and other assets	3 376 847	3 810 011	7 186 858	3 886 125
Total assets	24 855 515	36 896 923	61 752 438	30 885 678
Liabilities				
Accounts payable	558 918	329 179	888 097	598 058
Unliquidated obligations	2 348 116	3 576 318	5 924 434	3 076 637
Unliquidated obligations for future years	3 320 976	3 572 252	6 893 228	3 799 004
Due to United Nations General Fund	1 266 867	-	1 266 867	141 528
Due to Training Packs Revolving Fund (statement VI)	32 250	-	32 250	47 213
Due to International Computing Centre/Electronic Data-Processing Revolving Fund (statement VII)	168 081	-	168 081	27 049
Interfund balances payable	-	342 248	342 248	54 701
Operating reserve	700 000	-	700 000	700 000
Deferred income	12 451 672 d/	29 076 926	41 528 598	15 623 989
Total liabilities	20 846 880	36 896 923	57 743 803	24 068 179

STATEMENT V (concluded)

	Technical co-operation trust funds	UNDP a/ 1989	Total 1987
<u>Fund balance</u>			
Balance available 1 January 1988	6 817 499		5 343 960
Less: Excess of income over expenditure	(2 808 864)		1 473 539
Balance available 31 December 1989	4 008 635		
Total liabilities and fund balance	24 855 515	36 896 923	6 817 499
		61 752 438	30 885 678

a/ Excludes income received/expenditure incurred by ITC as an associated agency.

b/ Includes \$19,693,002 interest-earning bank deposits.

c/ This amount represents funds that will be requested, in accordance with existing arrangements with UNDP, only as payments in settlement of the unliquidated obligations become due.

d/ Includes \$177,544 unspent allocations of UNDP-administered trust funds.

SCHEDULE 5.1

INTERNATIONAL TRADE CENTRE UNCTAD/GATT

Technical co-operation activities financed by trust funds

Combined schedule of income and expenditure and fund balance for the biennium 1988-1989 ended 31 December 1989

(United States dollars)

	Fund balance 1 January 1988	Income			Total income	Expenditure	Fund balance 31 December 1989
		Allocations, contributions received, interest, miscellaneous income	Contributions unpaid	Deferred income			
<u>Projects financed by recipient Governments</u>							
Egypt	-	235 354	-	48 618	186 736	178 812	7 924
Equatorial Guinea	1 971	-	-	1 971	(1 971)	-	-
Macao	19 423	(5 675)	-	12 215	(17 890)	-	1 533
Malawi	122 800	(68 771)	-	-	(68 771)	54 029	-
Malta	-	118 464	-	32 712	85 752	54 923	30 829
Pakistan	15 000	-	-	-	-	15 000	-
Portugal	-	2 900	-	-	2 900	2 900	-
Subtotal	159 194	282 272	-	95 516	186 756	305 664	40 286
<u>Associate experts</u>							
Finland	-	141 200	-	-	141 200	91 927	49 273
Germany, Federal Republic of	81 799	56 353	-	26 814	29 539	105 585	5 753
Italy	-	403 000	-	-	403 000	233 790	169 210
Netherlands	120 018	333 000	-	41 965	291 035	366 527	44 526
Sweden	62 000	-	-	19 377	(19 377)	42 623	-
Subtotal	263 817	933 553	-	88 156	845 397	840 452	268 762
<u>Other projects financed by donor Governments</u>							
Austria	-	15 000	-	2 301	12 699	12 699	-
Bangladesh	1 693	353	-	1 839	(1 486)	-	207
Belgium	38 600	551 645	-	332 048	219 597	212 381	45 816
Canada	393 550	2 139 789	-	349 936	1 789 853	1 912 072	271 331
China	7 709	5 262	-	10 026	(4 764)	-	2 945
Denmark	390 499	2 217 294	-	219 049	1 998 245	2 116 004	272 740
Greece	639	7 751	-	1 050	6 701	7 000	340
Finland	117 761	2 765 394	-	181 956	2 583 438	2 438 411	262 788

SCHEDULE 5.1 (continued)

	Fund balance 1 January 1988	Income			Total income	Expenditure	Fund balance 31 December 1989
		Allocations, contributions received, interest, miscellaneous income	Contributions unpaid	Deferred income			
<u>Other projects financed by donor Governments (continued)</u>							
France	120 564	628 422	-	151 072	477 350	537 551	60 363
Germany, Federal Republic of	160 700	1 681 680	-	378 400	1 303 280	1 404 379	59 101
India	1 450	4 243	-	3 417	826	-	2 276
Indonesia	8 825	4 442	-	10 362	(5 920)	-	2 905
Ireland	13 806	-	-	-	-	13 806	-
Italy	95 721	5 009 819	-	3 246 021	1 763 798	904 781	954 738
Japan	183 466	326 847	-	91 177	235 670	367 974	51 162
Netherlands	435 649	2 324 950	-	347 617	1 977 333	2 269 761	143 221
Norway	569 839	2 781 778	-	1 028 913	1 752 865	2 064 522	258 182
Poland	19 351	2 545	-	8 440	(5 895)	12 388	1 068
Republic of Korea	-	2 552	-	-	2 552	-	2 552
Spain	130 358	167 290	-	89 343	77 947	197 009	11 296
Sri Lanka	6 772	13 142	-	17 896	(4 754)	-	2 018
Sweden	719 749	7 447 142	-	2 243 825	5 203 317	5 490 230	432 836
Swedish International Development Authority	969 306	5 813 794	-	1 072 566	4 741 228	5 478 816	231 718
Switzerland	1 582 553	4 859 379	-	1 364 908	3 494 471	4 843 568	233 456
Union of Soviet Socialist Republics	-	177 420	-	172 000	5 420	-	5 420
Multiple Asian donors	31 673	352 260	-	25 592	326 668	358 341	-
Subtotal	5 999 733	39 300 193	-	11 349 754	27 950 439	30 641 693	3 308 479
<u>UNDP-administered trust funds</u>							
Sectoral support	(3 850)	500 000	-	-	500 000	409 409	86 741
Mongolia	2 043	(2 043)	-	-	(2 043)	-	-
United Nations Development Fund for Women	-	44 785	-	-	44 785	44 785	-
Subtotal	(1 807)	542 742	-	-	542 742	454 194	86 741
<u>Other trust funds</u>							
European Economic Community	52 889	106 595	-	-	106 595	60 196	99 288
International Development Research Centre - Canada	22 684	(31 495)	-	-	(31 495)	(8 811)	-
International Jute Organization	30 822	242 275	-	71 576	170 699	187 246	14 275
International Tropical Timber Organization	-	565 667	-	400 000	165 667	81 359	84 308

SCHEDULE 5.1 (concluded)

	Income					Fund balance 31 December 1989
	Fund balance 1 January 1988	Allocations, contributions received, interest, miscellaneous income	Contributions unpaid	Deferred income	Total income	
Other trust funds (continued)						
Finnida	290 167	58 717	-	269 126	(210 409)	33 767
Organization of African Unity	-	15 000	-	-	15 000	-
Saudi Arabia Basic Industries Corporation	-	72 769	-	-	72 769	72 729
Subtotal	396 562	1 029 528	-	740 702	288 826	304 367
Total ITC projects, statement V	6 817 499	42 088 288	-	12 274 128	29 814 160	4 008 635

SCHEDULE 5.2

INTERNATIONAL TRADE CENTRE UNCTAD/GATT

Technical co-operation activities financed by trust funds

Combined schedule of income and expenditure and fund balance for the year ended 31 December 1988

(United States dollars)

	Fund balance 1 January 1988	Income			Total income	Expenditure	Fund balance 31 December 1988
		Allocations, contributions received, interest, miscellaneous income	Contributions unpaid	Deferred income			
<u>Projects financed by recipient Governments</u>							
Egypt	-	227 430	-	87 000	140 430	101 141	39 289
Equatorial Guinea	1 971	169	-	1 971	(1 802)	-	169
Macao	19 423	1 670	-	19 423	(17 753)	-	1 670
Malawi	122 800	7 364	-	22 230	(14 866)	53 791	54 143
Malta	-	110 009	-	33 960	76 049	43 337	32 712
Pakistan	15 000	-	-	-	-	15 976	(976)
Portugal	-	2 900	-	-	2 900	2 900	-
Subtotal	159 194	349 542	-	164 584	184 958	217 145	127 007
<u>Associate experts</u>							
Germany, Federal Republic of	81 799	50 600	-	79 299	(28 699)	52 910	190
Netherlands	120 018	252 500	-	228 202	24 298	144 316	-
Sweden	62 000	-	-	-	-	32 778	29 222
Subtotal	263 817	303 100	-	307 501	(4 401)	230 004	29 412
<u>Other Projects financed by donor Governments</u>							
Bangladesh	1 693	146	-	1 693	(1 547)	-	146
Belgium	38 600	302 003	-	42 518	259 485	99 244	198 841
Canada	393 550	976 799	-	348 939	627 860	980 538	40 872
China	7 709	2 316	-	6 689	(4 373)	-	3 336
Denmark	390 499	1 060 474	-	204 453	856 021	1 186 046	60 474
Greece	639	7 411	-	639	6 772	2 083	5 328
Finland	117 761	1 249 311	-	179 774	1 069 537	1 098 480	88 818
France	120 564	301 929	-	204 856	97 073	206 273	11 364
Germany, Federal Republic of	160 200	851 648	-	168 459	683 189	794 865	48 524
India	1 450	1 967	-	795	1 172	-	2 622
Indonesia	8 825	1 537	-	8 240	(6 703)	-	2 122
Ireland	13 806	332	-	-	332	13 806	332

SCHEDULE 5.2 (concluded)

	Fund balance 1 January 1988	Income				Fund balance 31 December 1988
		Allocations, contributions received, interest, miscellaneous income	Contributions unpaid	Deferred income	Total income	
<u>Other projects financed by donor Governments (continued)</u>						
Italy	95 721	1 881 959	-	1 595 625	286 334	52 921
Japan	183 466	161 573	-	79 604	81 969	11 573
Netherlands	435 649	1 255 537	-	360 543	894 994	65 315
Norway	569 839	1 355 084	-	668 829	686 255	100 201
Poland	19 351	(4 570)	-	14 781	(19 351)	-
Spain	130 358	5 994	-	2 358	3 636	44 335
Sri Lanka	6 772	11 124	-	16 772	(5 648)	1 124
Sweden	719 749	2 727 460	-	711 418	2 016 042	90 512
Swedish International Development Authority	969 306	3 782 596	118 232	1 421 799	2 479 029	512 158
Switzerland	1 582 553	2 216 967	287 382	923 884	1 580 465	476 082
Multiple Asian donors	31 673	152 260	-	28 235	124 025	-
Subtotal	5 999 733	18 301 857	405 614	6 990 903	11 716 568	1 817 000
<u>UNDP-administered trust funds</u>						
Sectoral support	(3 850)	250 000	-	-	250 000	13 645
Mongolia	2 043	(2 043)	-	-	(2 043)	-
United Nations Development Fund for Women	-	22 569	-	-	22 569	240
Subtotal	(1 807)	270 526	-	-	270 526	13 885
<u>Other trust funds</u>						
European Economic Community	52 889	(52 889)	-	-	(52 889)	-
International Development Research Centre - Canada	22 684	(30 495)	-	-	(30 495)	1 000
International Jute Organization	30 822	172 000	-	-	172 000	87 692
Finnida	290 167	24 950	-	290 167	(265 217)	24 950
Organization of African Unity	-	15 207	-	-	15 207	207
Subtotal	396 562	128 773	-	290 167	(161 394)	113 849
Total ITC projects	6 817 499	19 353 798	405 614	7 753 155	12 006 257	2 101 153

SCHEDULE 5.3

INTERNATIONAL TRADE CENTRE UNCTAD/GATT

Technical co-operation activities financed by trust funds

Combined schedule of income and expenditure and fund balance for the year ended 31 December 1989

(United States dollars)

	Fund balance 1 January 1989	Income			Total income	Expenditure	Fund balance 31 December 1989
		Allocations, contributions received, interest, miscellaneous income	Contributions unpaid	Deferred income			
<u>Projects financed by recipient Governments</u>							
Egypt	39 289	94 924	-	48 618	46 306	77 671	7 924
Equatorial Guinea	169	1 802	-	1 971	(169)	-	-
Macao	1 670	12 078	-	12 215	(137)	-	1 533
Malawi	54 143	(53 905)	-	-	(53 905)	238	-
Malta	32 712	42 415	-	32 712	9 703	11 586	30 829
Pakistan	(976)	-	-	-	-	(976)	-
Subtotal	127 007	97 314	-	95 516	1 798	88 519	40 286
<u>Associate experts</u>							
Finland	-	141 200	-	-	141 200	91 927	49 273
Germany, Federal Republic of	190	85 052	-	26 814	58 238	52 675	5 753
Italy	-	403 000	-	-	403 000	233 790	169 210
Netherlands	-	308 702	-	41 965	266 737	222 211	44 526
Sweden	29 222	-	-	19 377	(19 377)	9 845	-
Subtotal	29 412	937 954	-	88 156	849 798	610 448	268 762
<u>Other projects financed by donor Governments</u>							
Austria	-	15 000	-	2 301	12 699	12 699	-
Bangladesh	146	1 900	-	1 839	61	-	207
Belgium	198 841	292 160	-	332 048	(39 888)	113 137	45 816
Canada	40 872	1 511 929	-	349 936	1 161 993	931 534	271 331
China	3 336	9 635	-	10 026	(391)	-	2 945
Denmark	60 474	1 361 273	-	219 049	1 142 224	929 958	272 740

SCHEDULE 5.3 (continued)

	Fund balance 1 January 1989	Income				Total income	Expenditure	Fund balance 31 December 1989
		Allocations, contributions received, interest, miscellaneous income	Contributions unpaid	Deferred income				
<u>Other projects financed by donor Governments (continued)</u>								
Greece	5 328	979	-	1 050	(71)	4 917	340	
Finland	88 818	1 695 857	-	181 956	1 513 901	1 339 931	262 788	
France	11 364	531 349	-	151 072	380 277	331 278	60 363	
Germany, Federal Republic of	48 524	998 491	-	378 400	620 091	609 514	59 101	
India	2 622	3 071	-	3 417	(346)	-	2 276	
Indonesia	2 122	11 145	-	10 362	783	-	2 905	
Ireland	332	(332)	-	-	(332)	-	-	
Italy	52 921	4 723 485	-	3 246 021	1 477 464	575 647	954 738	
Japan	11 573	244 878	-	91 177	153 701	114 112	51 162	
Netherlands	65 315	1 429 956	-	347 617	1 082 339	1 004 433	143 221	
Norway	100 201	2 095 523	-	1 028 913	1 066 610	908 629	258 182	
Poland	-	21 896	-	8 440	13 456	12 388	1 068	
Republic of Korea	-	2 552	-	-	2 552	-	2 552	
Spain	44 335	163 654	-	89 343	74 311	107 350	11 296	
Sri Lanka	1 124	18 790	-	17 896	894	-	2 018	
Sweden	90 512	5 431 100	-	2 243 825	3 187 275	2 844 951	432 836	
Swedish International Development Authority	512 158	3 334 765	-	1 072 566	2 262 199	2 542 639	231 718	
Switzerland	476 082	3 278 914	-	1 364 908	1 914 006	2 156 632	233 456	
Union of Soviet Socialist Republics	-	177 420	-	172 000	5 420	-	5 420	
Multiple Asian donors	-	228 235	-	25 592	202 643	202 643	-	
Subtotal	1 817 000	27 583 625	-	11 349 754	16 233 871	14 742 392	3 308 479	
<u>UNDP-administered trust funds</u>								
Sectoral support	13 645	250 000	-	-	250 000	176 904	86 741	
United Nations Development Fund for Women	240	22 216	-	-	22 216	22 458	-	
Subtotal	13 885	272 216	-	-	272 216	199 360	86 741	

SCHEDULE 5.3 (concluded)

	Fund balance 1 January 1989	Income			Total income	Expenditure	Fund balance 31 December 1989
		Allocations, contributions received, interest, miscellaneous income	Contributions unpaid	Deferred income			
<u>Other trust funds</u>							
European Economic Community	-	159 484	-	-	159 484	60 196	99 288
International Development Research Centre - Canada	1 000	(1 000)	-	-	(1 000)	-	-
International Jute Organization	87 692	70 275	-	71 576	(1 301)	72 116	14 275
International Tropical Timber Organization	-	565 667	-	400 000	165 667	81 359	84 308
Finnida	24 950	323 934	-	269 126	54 808	45 991	33 767
Organization of African Unity	207	(207)	-	-	(207)	-	-
Saudi Arabia Basic Industries Corporation	-	72 769	-	-	72 769	40	72 729
Subtotal	113 849	1 190 922	-	740 702	450 220	259 702	304 367
Total ITC projects	2 101 153	30 082 031	-	12 274 128	17 807 903	15 900 421	4 008 635

SCHEDULE 5.4

INTERNATIONAL TRADE CENTRE UNCTAD/GATT

Technical co-operation activities financed by the
United Nations Development Programme

Expenditure by source of funds for the biennium 1988-1989
ended 31 December 1989

(United States dollars)

1. Year ended 31 December 1989

	Disbursements 1989	Unliquidated obligations as at 31 December 1989	Total expenditure 1989
<u>Source of funds a/</u>			
Country indicative planning figure (IPF)	6 530 272	2 706 260	9 236 532
Regional IPF	3 734 582	651 505	4 386 087
Interregional IPF	888 492	145 620	1 034 112
Subtotal (schedule 5.5)	11 153 346	3 503 385	14 656 731
Special Measures Fund for the Least Developed Countries	88 727	64 237	152 964
Subtotal (schedule 5.5)	88 727	64 237	152 964
Government cash counterpart contributions	28 133	8 696	36 829
Total	11 270 206	3 576 318	14 846 524
<u>Programme support costs</u>			1 921 099
Total expenditure for 1989			16 767 623

2. Year ended 31 December 1988

Total expenditure for 1988	14 122 930
Grand total for the biennium 1988-1989	30 890 553
	(statement V)

a/ Including cost-sharing, where applicable.

SCHEDULE 5.5

INTERNATIONAL TRADE CENTRE UNCTAD/CATT

Technical co-operation activities financed by the United Nations Development Programme

Project costs by country and region for the year ended 31 December 1989

(United States dollars)

Country projects	Indicative planning figure a/		Special Measures Fund for the Least Developed Countries		Total	
	Disbursements	Unliquidated obligations	Disbursements	Unliquidated obligations	Disbursements	Unliquidated obligations
Afghanistan	6 252	5 880	-	-	6 252	5 880
Algeria	355 398	44 256	-	-	355 398	44 256
Bangladesh	12 292	8 400	-	-	12 292	8 400
Barbados	261	-	-	-	261	-
Bhutan	7 111	4 268	-	-	7 111	4 268
Botswana	125 589	64 345	-	-	125 589	64 345
Burkina Faso	121 324	30 872	-	-	121 324	30 872
Burundi	256 683	44 961	-	-	256 683	44 961
Cameroon	4 013	-	-	-	4 013	-
Chile	57 991	10 006	-	-	57 991	10 006
China	489 982	191 644	-	-	489 982	191 644
Costa Rica	62 977	5 451	-	-	62 977	5 451
Côte d'Ivoire	528 263	114 450	-	-	528 263	114 450
Cuba	28 004	32 100	-	-	28 004	32 100
Democratic Yemen	-	-	88 727	64 237	88 727	64 237
Djibouti	172 816	37 026	-	-	172 816	37 026
Dominican Republic	7 923	2 000	-	-	7 923	2 000
Ecuador	6 690	-	-	-	6 690	-
Egypt	98 308	17 968	-	-	98 308	17 968
El Salvador	(10 866)	4 100	-	-	(10 866)	4 100
Ethiopia	183 519	73 147	-	-	183 519	73 147
Gambia	219 267	22 186	-	-	219 267	22 186
Ghana	89 992	85 857	-	-	89 992	85 857
Guatemala	120 685	16 709	-	-	120 685	16 709
Haiti	132 212	17 899	-	-	132 212	17 899
Honduras	31 046	260 555	-	-	31 046	260 555
India	(10 262)	12 514	-	-	(10 262)	12 514
Indonesia	308 514	31 660	-	-	308 514	31 660
Jordan	252 469	29 282	-	-	252 469	29 282
Kenya	14 336	1 207	-	-	14 336	1 207
Lao People's Democratic Republic	1 528	2 744	-	-	1 528	2 744
Lesotho	125 848	11 398	-	-	125 848	11 398

SCHEDULE 5.5 (concluded)

	Indicative planning figure a/		Special Measures Fund for the Least Developed Countries		Total	
	Disbursements	Unliquidated obligations	Disbursements	Unliquidated obligations	Disbursements	Unliquidated obligations
Madagascar	289 655	96 918	-	-	289 655	96 918
Malaysia	43 069	150	-	-	43 069	150
Malawi	215 975	68 810	-	-	215 975	68 810
Mauritania	130	2 500	-	-	130	2 500
Mongolia	112 099	38 079	-	-	112 099	38 079
Morocco	174 030	23 650	-	-	174 030	23 650
Mozambique	244 712	28 868	-	-	244 712	28 868
Nepal	207 606	98 953	-	-	207 606	98 953
Niger	118 754	12 917	-	-	118 754	12 917
Poland	4 223	550	-	-	4 223	550
Rwanda	192 152	25 443	-	-	192 152	25 443
Saudi Arabia	27 024	21 314	-	-	27 024	21 314
Seychelles	(18 029)	32 500	-	-	(18 029)	32 500
Sri Lanka	173 078	57 694	-	-	173 078	57 694
Swaziland	95 658	22 015	-	-	95 658	22 015
Thailand	95 803	21 685	-	-	95 803	21 685
Tunisia	230 671	172 342	-	-	230 671	172 342
Turkey	83 467	63 865	-	-	83 467	63 865
United Republic of Tanzania	(142 042)	166 138	-	-	(142 042)	166 138
Uruguay	77 473	3 867	-	-	77 473	3 867
Viet Nam	94 593	487 098	-	-	94 593	487 098
Zambia	403 221	73 771	-	-	403 221	73 771
Zimbabwe	6 785	4 248	-	-	6 785	4 248
Subtotal	6 530 272	2 706 260	88 727	64 237	6 618 999	2 770 497
<u>Regional projects</u>						
Africa	1 161 830	270 186	-	-	1 161 830	270 186
Arab States	36 227	11 060	-	-	36 227	11 060
Asia and the Pacific	2 495 230	361 518	-	-	2 495 230	361 518
Latin America	41 295	8 741	-	-	41 295	8 741
Subtotal	3 734 582	651 505	-	-	3 734 582	651 505
<u>Interregional projects</u>						
	888 492	145 620	-	-	888 492	145 620
Total (schedule 5.4)	11 153 346	3 503 385	88 727	64 237	11 242 073	3 567 622

a/ Including cost-sharing.

STATEMENT VI
INTERNATIONAL TRADE CENTRE UNCTAD/GATT - GENERAL FUND
TRAINING PACKS REVOLVING FUND

I. Statement of income and expenditure for the biennium
1988-1989 ended 31 December 1989

(United States dollars)

	<u>1989</u>	<u>1987</u>
<u>Income</u>		
Sales of training packs to projects	54 850	37 530
Sales of training packs to others	10 074	16 520
Interest	<u>3 859</u>	<u>-</u>
Total income	68 783	54 050
<u>Expenditure</u>		
Costs of reprinting translations, etc.	<u>83 746</u>	<u>63 308</u>
<u>Excess of income over expenditure</u>	<u>(14 963)</u>	<u>(11 258)</u>

II. Statement of assets and liabilities as at 31 December 1989

(United States dollars)

<u>Assets</u>		
Due from ITC trust funds	<u>32 250</u>	<u>47 213</u>
Total assets	<u>32 250</u>	<u>47 213</u>
<u>Liabilities</u>	-	-
<u>Fund balance</u>		
Balance available 1 January 1988	47 213	58 471
Add: Excess of income over expenditure	<u>(14 963)</u>	<u>(11 258)</u>
Total fund balance	<u>32 250</u>	<u>47 213</u>
Total liabilities and fund balance	<u>32 250</u>	<u>47 213</u>

STATEMENT VII

INTERNATIONAL TRADE CENTRE UNCTAD/GATT

INTERNATIONAL COMPUTING CENTRE/ELECTRONIC
DATA-PROCESSING REVOLVING FUNDI. Statement of income and expenditure for the biennium
1988-1989 ended 31 December 1989

(United States dollars)

	<u>1989</u>	<u>1987</u>
<u>Income</u>		
Sales of services to projects	207 781	215 250
Sales of services to others	81 195	44 854
Interest	<u>14 878</u>	<u>-</u>
Total income	288 977	260 104
<u>Expenditure</u>		
Costs of ICC services	<u>147 945</u>	<u>383 820</u>
Excess of income over expenditure	<u>141 032</u>	<u>(123 716)</u>

II. Statement of assets and liabilities as at 31 December 1989

(United States dollars)

<u>Assets</u>		
Due from ITC trust funds	<u>168 081</u>	<u>27 049</u>
Total assets	<u>168 081</u>	<u>27 049</u>
<u>Liabilities</u>	-	-
<u>Fund balance</u>		
Balance available 1 January 1988	27 049	150 765
Add: Excess of income over expenditure	<u>141 032</u>	<u>(123 716)</u>
Total fund balance	<u>168 081</u>	<u>27 049</u>
Total liabilities and fund balance	<u>168 081</u>	<u>27 049</u>

ANNEX

Summary of significant accounting policies

The following are the significant accounting policies of the International Trade Centre:

(a) The International Trade Centre accounts are maintained in accordance with the Financial Regulations of the United Nations as adopted by the General Assembly, the rules formulated by the Secretary-General as required under the regulations, administrative instructions issued by the Under-Secretary-General for Administration and Management or the Controller, and in conformity with generally accepted accounting principles. The United Nations follows the International Accounting Standard 1 on the disclosure of accounting policies, as modified by the Consultative Committee on Administrative Questions at its fifty-fourth session, as shown below:

- (i) Going concern, consistency, and accrual are fundamental accounting assumptions. Where fundamental accounting assumptions are followed in financial statements, disclosure of such assumptions is not required. If a fundamental accounting assumption is not followed, that fact should be disclosed together with the reasons;
- (ii) Prudence, substance over form, and materiality should govern the selection and application of accounting policies;
- (iii) Financial statements should include clear and concise disclosure of all significant accounting policies which have been used;
- (iv) The disclosure of the significant accounting policies used should be an integral part of the financial statements. The policies should normally be disclosed in one place;
- (v) Financial statements should show corresponding figures for the preceding period;
- (vi) A change in an accounting policy that has a material effect in the current period or may have a material effect in subsequent periods should be disclosed together with the reasons. The effect of the change should, if material, be disclosed and quantified.

(b) Fund accounting. The Centre's accounts are maintained on a "fund accounting" basis and each fund is maintained as a distinct financial and accounting entity with a separate self-balancing double-entry group of accounts. Separate financial statements are prepared for each fund or for a group of funds of the same nature.

(c) The financial period of the Centre is a biennium and consists of two consecutive calendar years.

(d) The income, expenditure, assets and liabilities are recognized on the accrual basis of accounting.

(e) Translation of currencies. The accounts of the Centre are presented in United States dollars. Accounts maintained in other currencies are translated into United States dollars at the time of the transaction at rates of exchange established by the Controller. In respect of such currencies, the financial statements prepared at such intervals as may be prescribed by the Controller in accordance with the delegation of authority from the Under-Secretary-General for Administration and Management, shall reflect the cash, investments, unpaid contributions (other than contributions for future years) and current accounts receivable and payable in currencies other than United States dollars, translated at the applicable United Nations rates of exchange in effect as at the date of the statements.

(f) Funds on deposit in interest-bearing bank accounts, certificates of deposit, time deposits and call accounts are shown in the statements of assets and liabilities as cash. Apart from changes in value arising from the retranslation of currencies as provided for in paragraph (e) above, all investments are stated at cost.

(g) Deferred charges.

(i) Deferred charges comprise those expenditure items which are not properly chargeable in the current financial period and which will be charged as expenditure in the subsequent financial period;

(ii) For balance sheet purposes only, that portion of the education grant advance which is assumed to pertain to the scholastic year completed as of the date of the financial statement is shown as a deferred charge. The full amount of the advance is maintained in the accounts receivable from staff members until such time as the staff member produces the required proof of entitlement to the education grant, at which time the budgetary account is charged and the advance recovered.

(h) Gain and loss on exchange. On the closing of the accounts at the end of each financial period, the balance for loss or gain on exchange is debited to the budget if there is a net loss; if there is a net gain, the gain is credited to miscellaneous income. However, gains or losses on exchange are treated differently for trust funds as indicated in paragraph (m) (xi) below.

(i) No provision is made in the General Fund for repatriation grant entitlements or to meet contingencies under appendix D to the Staff Rules of the United Nations, as funds are provided for in budget appropriations. However, provision to meet contingent liabilities for compensation under appendix D for personnel financed by technical co-operation trust funds and by support costs is calculated on the basis of 1 per cent of the net base pay. This provision is maintained in the United Nations General Fund.

(j) Fixed assets, consisting of furniture, equipment, etc., are not included in the assets of the Centre. Acquisitions are charged against budget accounts in the year of purchase.

(k) Miscellaneous income:

- (i) Refunds of expenditures that had been charged in the same financial period against the budgetary accounts are credited against the same accounts, but refunds of expenditure relating to the prior periods are credited to miscellaneous income;
- (ii) All monies accepted for purposes specified by the donors are treated as trust funds or special accounts. However, monies accepted in respect of which no purpose is specified are treated as miscellaneous income;
- (iii) The proceeds from the sale of surplus property, the purchase of which was financed by the General Fund, are credited to the miscellaneous income of that Fund. Miscellaneous income arising on technical co-operation activities is accounted for as described in paragraph (m) (iv).

(1) Savings on liquidation of general fund prior periods' obligations are credited directly to the surplus account of that Fund. Savings on technical co-operation obligations are accounted for as described in paragraph (m) (vii).

(m) Technical co-operation accounts:

- (i) The technical co-operation financial statements report on the activities financed by the United Nations Development Programme (UNDP), and the trust funds;
- (ii) Allocation income - UNDP. The figures for allocation income from UNDP are the same as reported for total expenditure in line with UNDP procedures, which require that allocations be adjusted to equal actual expenditure;
- (iii) Contribution income - trust funds. Contributions from Governments or other donors are recorded upon receipt of the contribution or upon approval of the project by the donor. All monies accepted for purposes specified by the donor are treated as trust funds or special accounts. Separate accounts are set up for each project as approved by the donor and the recipient country. Schedules to the financial statements are presented showing prior year and current year expenditure, together with a consolidated schedule for the biennium. Contributions for future years are recorded as deferred income;
- (iv) Interest and miscellaneous income. Interest and miscellaneous income arising from UNDP activities are credited to the operating fund accounts maintained with that organization. Interest accruing from the short-term investment of trust funds is credited first to the operating reserve to maintain that reserve at the agreed level (see subpara. (xii)), then to support costs to meet any annual deficit attributable to currency fluctuations and thereafter to donors' funds. Trust fund miscellaneous income accruing from the sale of surplus property or refunds of expenditure are credited to the project from which the purchase or expenditure was originally financed. If the project is closed, this income is credited to the donor;
- (v) Unspent allocations/deferred income - UNDP. The unspent balance of allocations issued for the current year, together with allocations issued for future years, is reflected as an asset and as deferred income.

Unspent allocations for UNDP-financed projects are based on the project budgets. Unspent allocations for UNDP-administered trust funds are based on allocation advices issued by UNDP;

- (vi) Deferred income for other trust funds comprises contributions received in respect of project budgets which extend beyond the current period, together with the programme support income relating to those project budgets;
- (vii) Unliquidated obligations for the current period in respect of UNDP-financed activities remain valid for 12 months following the end of the year, rather than the biennium, to which they relate. However, in accordance with UNDP reporting requirements, executing agencies may retain unliquidated obligations beyond 12 months when a firm liability to pay still exists; such liabilities are reported as accounts payable in the financial statements. Savings in the liquidation of prior period obligations are credited to individual projects as a reduction of current period expenditure in accordance with UNDP reporting requirements;
- (viii) Unliquidated obligations for future years are reported as deferred charges and as a separate liability item;
- (ix) A system of average costing is used for UNDP projects whereby those elements of experts' actual costs which are unique to the individual expert are charged to UNDP projects at average cost, calculated by apportioning those costs over all UNDP projects in respect of which expert-months have been delivered in the current period;
- (x) A system of standard costs is applied to trust fund projects. Projects are charged at standard costs for the provision of experts' services, the annual difference between the standard applied and the actual costs incurred being transferred to the operating reserve (see subpara. (xii));
- (xi) Loss or gain on exchange. Any exchange difference incurred in respect of UNDP projects is debited or credited to the operating fund maintained with that organization. Any differences accruing on trust fund projects in respect of normal day-to-day transactions is borne by the appropriate project budgets. Those currency fluctuations which cannot be attributed to any particular project are debited/credited to the operating reserve (see subpara. (xii));
- (xii) Operating reserve - trust funds. The Centre's policy is to maintain this reserve at a predetermined level (currently \$700,000) and agreement has been reached with donors that the first charge upon interest be for the purpose of maintaining the reserve at that level;
- (xiii) Trust fund donors' fund balances. These funds comprise the unobligated balance of allocations, contributions not yet allocated, residual balances of closed projects, interest, and miscellaneous income, including those items described under subparagraphs (iv) and (xi). These funds are held pending instructions from the donor as to their disposal and are constantly under review in the course of continuing discussions which are maintained with all donors.

(n) Income accruing from the sale of any training pack or similar item financed from trust fund and other resources is credited to the Training Pack Revolving fund (statement VI) and utilized to finance the costs of reprinting, translation and other related costs.

(o) Income accruing from the sale of electronic data-processing services financed from trust fund and other resources is credited to the International Computing Centre/Electronic Data-Processing Revolving Fund (statement VII) and utilized to finance the provision of further services.

(p) Special accounts for programme support costs:

- (i) Reimbursement for programme support costs is provided for in respect of extrabudgetary technical co-operation activities and accounted for in the support costs fund. The reimbursement is calculated as a percentage of the programme resources expended;
- (ii) In the interim and biennial financial statements of the Centre, the account for programme support costs (statement IV) is shown separately from the extrabudgetary funds (statement V) from which its income derives;
- (iii) Unliquidated obligations in respect of special accounts for programme support costs are accounted for on the same basis as for the programme budget;
- (iv) Any balance in the support costs fund is carried forward to the next biennium;
- (v) An operating reserve is maintained to meet contingent liabilities.

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